

(5) [(4)] the date of sale;

(6) [(5)] the water body or bay system from which the aquatic products were taken; and

(7) [(6)] price paid per pound per species.

SECTION 10. Effective September 1, 2000, Section 66.206, Parks and Wildlife Code, is amended by adding Subsection (e) to read as follows:

(e) This section does not apply to a person fishing trotlines under a commercial finfish fisherman's license.

SECTION 11. Not later than September 1, 2000, the Parks and Wildlife Department shall implement a finfish license management program as provided by Section 47.071, Parks and Wildlife Code, as added by this Act. On the effective date of a proclamation issued by the Parks and Wildlife Commission under Subchapter D, Chapter 47, Parks and Wildlife Code, as added by this Act, establishing requirements for a commercial finfish fisherman's license under that subchapter, Section 47.003, Parks and Wildlife Code, is repealed.

SECTION 12. The Parks and Wildlife Department shall issue a written report to the governor and the legislature not later than the beginning of the second regular legislative session to convene following the implementation of a finfish license management program under Subchapter D, Chapter 47, Parks and Wildlife Code, as added by this Act. The report shall include an overview of the administration and status of the license management program, including the biological, social, and economic effects of the program.

SECTION 13. This Act takes effect September 1, 1999.

SECTION 14. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended.

Passed the Senate on April 9, 1999, by a viva-voce vote; the Senate concurred in House amendments on May 20, 1999, by a viva-voce vote; passed the House, with amendments, on May 13, 1999, by a non-record vote.

Approved June 18, 1999.

Effective September 1, 1999.

CHAPTER 456

S.B. No. 1310

AN ACT

relating to providing for representation of agricultural interests in water resource planning and management.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Subsection (b), Section 15.4061, Water Code, is amended to read as follows:

(h) The board shall require that regional water plans developed or revised under contracts entered into under this section be made available to the commission, the Department of Agriculture, and the Parks and Wildlife Department.

SECTION 2. Subsection (c), Section 15.7031, Water Code, is amended to read as follows:

(c) The dedication of any water rights placed in trust must be reviewed and approved by the commission, in consultation with the board and the Parks and Wildlife Department. *In addition, the Department of Agriculture may provide input to the commission, as appropriate, during the review and approval process for dedication of water rights.*

SECTION 3. Subsections (c) and (j), Section 16.012, Water Code, are amended to read as follows:

(c) In performing the duties required under Subdivisions (1), (4), (5), (6), and (7) of Subsection (b), the executive administrator shall consider advice from the Parks and Wildlife

Department. *In addition, the Department of Agriculture may provide advice to the executive administrator, where appropriate, regarding any of the duties to be performed under Subsection (b).*

(j) Within 90 days of completing a water availability model for a river basin, the commission, in coordination with the Parks and Wildlife Department *and with input from the Department of Agriculture, where appropriate*, shall determine the potential impact of reusing municipal and industrial effluent on existing water rights, instream uses, and freshwater inflows to bays and estuaries. Within 30 days of making this determination, the commission shall provide the projections to the board and each regional water planning group created under Section 16.053 of this code in that river basin.

SECTION 4. Subsection (d), Section 16.051, Water Code, is amended to read as follows:

(d) The board, in coordination with the commission, *the Department of Agriculture*, and the Parks and Wildlife Department, shall adopt by rule guidance principles for the state water plan which reflect the public interest of the entire state. When adopting guidance principles, due consideration shall be given to the construction and improvement of surface water resources and the application of principles that result in voluntary redistribution of water resources. *The board shall review and update the guidance principles, with input from the commission, the Department of Agriculture, and the Parks and Wildlife Department, as necessary but at least every five years to coincide with the five-year cycle for adoption of a new water plan as described in Subsection (a).*

SECTION 5. Subsection (c), Section 16.053, Water Code, is amended to read as follows:

(c) No later than 60 days after the designation of the regions under Subsection (b) ~~[of this section]~~, the board shall designate representatives within each regional water planning area to serve as the initial coordinating body for planning. The initial coordinating body ~~may [shall]~~ then designate additional representatives to serve on the regional water planning group. *The initial coordinating body shall designate additional representatives if necessary to ensure[, ensuring] adequate representation from the interests comprising that region, including [but not limited to] the public, counties, municipalities, industries, agricultural interests, environmental interests, small businesses, electric generating utilities, river authorities, water districts, and water utilities. The regional water planning group shall maintain adequate representation from those interests. In addition, representatives of the board, the Parks and Wildlife Department, and the Department of Agriculture shall serve as ex officio members of each regional water planning group.*

SECTION 6. Subsection (a), Section 16.054, Water Code, is amended to read as follows:

(a) *It is the policy of the state that water resource management, water conservation, and drought planning should occur on an ongoing basis. The board, commission, and Parks and Wildlife Department shall make available where appropriate technical and financial assistance for such planning. In addition, the Department of Agriculture may provide input and assistance, as appropriate, for such planning.*

SECTION 7. Section 17.895, Water Code, is amended by adding Subsection (d) to read as follows:

(d) *For purposes of this section, the board or lender districts may seek the advice of the Department of Agriculture regarding the feasibility of a project for which a conservation loan is sought.*

SECTION 8. Subsection (a), Section 26.121, Water Code, is amended to read as follows:

(a) Except as authorized by the commission, no person may:

(1) discharge sewage, municipal waste, recreational waste, agricultural waste, or industrial waste into or adjacent to any water in the state;

(2) discharge other waste into or adjacent to any water in the state which in itself or in conjunction with any other discharge or activity causes, continues to cause, or will cause pollution of any of the water in the state, unless the discharge complies with a person's:

(A) certified water quality management plan approved by the State Soil and Water Conservation Board as provided by Section 201.026, Agriculture Code; or

(B) water pollution and abatement plan approved by the commission; or

(3) commit any other act or engage in any other activity which in itself or in conjunction with any other discharge or activity causes, continues to cause, or will cause pollution of any of the water in the state, unless the activity is under the jurisdiction of the Parks and Wildlife Department, the General Land Office, *the Department of Agriculture*, or the Railroad Commission of Texas, in which case this subdivision does not apply.

SECTION 9. Section 26.127, Water Code, is amended to read as follows:

Sec. 26.127. COMMISSION AS PRINCIPAL AUTHORITY. (a) The commission is the principal authority in the state on matters relating to the quality of the water in the state. The executive director has the responsibility for establishing a water quality sampling and monitoring program for the state. All other state agencies engaged in water quality or water pollution control activities shall coordinate those activities with the commission.

(b) *The executive director may, on behalf of and with the consent of the commission, enter into contracts or other agreements with the Department of Agriculture for purposes of obtaining laboratory services for water quality testing.*

SECTION 10. Subsection (e), Section 35.007, Water Code, is amended to read as follows:

(e) The executive director shall request a study from the executive director of the Parks and Wildlife Department for the purpose of preparing the report required by this section. *The Department of Agriculture may also provide input to the executive director for purposes of the report.* The study must:

(1) evaluate the potential effects of the designation of a priority groundwater management area on an area's natural resources; and

(2) be completed and delivered to the executive director on or before the 180th day following the date of the request. If the study is not delivered within this 180-day period, the executive director may proceed with the preparation of the report.

SECTION 11. Subsection (d), Section 35.012, Water Code, is amended to read as follows:

(d) The commission shall identify the areas subject to the order of the commission issued under Subsection (b) that have not been incorporated into a district and shall delineate proposed boundaries of a district to include those areas. If the commission proposes the creation of one or more districts, the Texas Agricultural Extension Service shall begin an educational program within such areas with the assistance and cooperation of the Texas Water Development Board, the commission, *the Department of Agriculture*, other state agencies, and existing districts to inform the residents of the status of the area's water resources and management options including possible formation of a district, before beginning the procedures for creation of a district provided in Subchapter B, Chapter 36.

SECTION 12. Subsection (d), Section 35.013, Water Code, is amended to read as follows:

(d) If the board votes to accept the addition of the priority groundwater management area to the district, the board:

(1) may request the Texas Agricultural Extension Service, the commission, and the Texas Water Development Board, *with the cooperation and assistance of the Department of Agriculture* and other state agencies, to administer an educational program to inform the residents of the status of the area's water resources and management options including possible annexation into a district;

(2) shall call an election within the priority groundwater management area as delineated by the commission to determine if the priority groundwater management area will be added to the district; and

(3) shall designate election precincts and polling places for the elections in the order calling an election under this subsection.

SECTION 13. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended, and that this Act take effect and be in force from and after its passage, and it is so enacted.

Passed the Senate on April 15, 1999: Yeas 30, Nays 0; passed the House on May 22, 1999: Yeas 144, Nays 0, two present not voting.

Approved June 18, 1999.

Effective June 18, 1999.

CHAPTER 457

S.B. No. 1319

AN ACT

relating to procedures for tax auditing and collection.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Subchapter B, Chapter 151, Tax Code, is amended by adding Section 151.0231 to read as follows:

Sec. 151.0231. MANAGED AUDITS. (a) *In this section, "managed audit" means a review and analysis of invoices, checks, accounting records, or other documents or information to determine a taxpayer's liability for tax under this chapter.*

(b) *A managed audit may be limited to certain categories of liability under this chapter, including tax on:*

- (1) *sales of one or more types of taxable items;*
- (2) *purchases of assets;*
- (3) *purchases of expense items;*
- (4) *purchases under a direct payment permit; or*
- (5) *any other category specified in an agreement authorized by this section.*

(c) *The comptroller may, in a written agreement, authorize a taxpayer to conduct a managed audit under this section. The agreement must:*

- (1) *be signed by an authorized representative of the comptroller and the taxpayer, and*
- (2) *specify the period to be audited and the procedure to be followed.*

(d) *In determining whether to authorize a managed audit, the comptroller may consider, in addition to other factors the comptroller considers relevant:*

- (1) *the taxpayer's history of tax compliance;*
- (2) *the amount of time and resources the taxpayer has available to dedicate to the audit;*
- (3) *the extent and availability of the taxpayer's records; and*
- (4) *the taxpayer's ability to pay any expected liability.*

(e) *The decision to authorize or not authorize a managed audit rests solely with the comptroller.*

(f) *The comptroller may examine records and perform reviews that the comptroller determines are necessary before the audit is finalized to verify the results of the audit.*

(g) *Unless the audit or information reviewed by the comptroller under Subsection (f) discloses fraud or wilful evasion of the tax, the comptroller may not assess a penalty and may waive all or part of the interest that would otherwise accrue on any amount identified to be due in a managed audit. This subsection does not apply to any amount collected by the taxpayer that was a tax or represented to be a tax but that was not remitted to this state.*

(h) *Except as provided by Section 111.104(f), the taxpayer is entitled to a refund of any tax overpayment disclosed by a managed audit under this section.*

SECTION 2. Subchapter I, Chapter 151, Tax Code, is amended by adding Section 151.4171 to read as follows:

Sec. 151.4171. OPTIONAL REPORTING METHOD: PERCENTAGE-BASED. (a) *In this section, "percentage-based reporting method" means a method by which a taxpayer categorizes purchase transactions according to standards specified in the letter of authoriza-*